

Message Text

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43

ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 PM-09 INR-10 L-03 NEA-10

NSAE-00 PA-03 RSC-01 PRS-01 GAC-01 USIA-12 TRSE-00

MBFR-03 SAJ-01 RSR-01 OMB-01 /082 W

----- 116607

R 051300 Z MAY 73

FM USMISSION NATO

TO AMEMBASSY BONN

INFO SECSTATE WASHDC 9960

SECDEF WASHDC

LIMITED OFFICIAL USE USNATO 2189

E. O. 11652: N/ A

TAGS: MCAP, EFIN, NATO

SUBJECT: US MILITARY BOP EXPENDITURES IN SUPPORT OF US FORCES
IN NATO EUROPE

ATTN: REP. BENJAMIN S. ROSENTHAL

1. DURING MISSION BRIEFING MAY 3, YOU NOTED DISCREPANCY BETWEEN
EXTANT ESTIMATES OF BOP IMPACT OF SUPPORT FOR US FORCES IN NATO
EUROPE. AS PROMISED, WE OFFER FOLLOWING CLARIFICATION.

2. ACCORDING TO DATA AVAILABLE IN THIS MISSION, NET ADVERSE BOP
OF US FORCES IN NATO EUROPE FOR FY 71 AND FY 72 ARE ESTIMATED AT
\$1.2 BILLION AND \$1.6 BILLION RESPECTIVELY, WHEN CALCULATION OF
RECEIPTS INCLUDE: (1) SALES OF MILITARY ITEMS THROUGH THE US
DEPARTMENT OF DEFENSE; (2) SALES OF SERVICES AND EXCESS PERSONAL
PROPERTY; AND (3) RECEIPTS FOR MILITARY EQUIPMENT PROCURED THROUGH
PRIVATE US SOURCES WHERE COVERED BY GOVERNMENT- TO- GOVERNMENT
AGREEMENTS, E. G., WITH THE FRG.

3. ABOVE CALCULATIONS, HOWEVER, EXCLUDE ADDITIONAL POSSIBLE
OFFSETTING ITEMS SUCH AS FINANCIAL ARRANGEMENTS, E. G., SALE AND
REDEMPTION OF MEDIUM TERM US SECURITIES WITH FRG AND CERTAIN DOD
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" BARTER" OPERATIONS WHICH PREVENT ADDITIONAL DOLLARS FROM ENTERING
THE BOP; NOR DO THEY ATTEMPT TO MEASURE THE INDIRECT IMPACT ON US
EXPORTS OF US DEFENSE EXPENDITURES IN FOREIGN ECONOMIES. THESE
ADDITIONAL OFFSETS TO DOD EXPENDITURES ENTERING THE BOP IN NATO

EUROPE, WHEN ADDED TO THOSE CARRIED IN DOD ACCOUNTS NATED IN PARA 2 ABOVE, HAVE BEEN ESTIMATED AT \$4.1 BILLION FOR THE TWO- YEAR PERIOD FY 72 AND FY 73. HENCE, WITH GROSS DOD DEFENSE EXPENDITURES ENTERING THE BOP IN NATO EUROPE ESTIMATED AT \$4.5 BILLION FOR THIS TWO- YEAR PERIOD, NET ADVERSE BOP FROM DOD NATO EUROPE ACTIONS IN THIS CALCULATION COULD AMONT TO \$400 MILLION.

4. WASHINGTON AGENCIES IN BETTER POSITION THAN MISSION TO JUDGE COMPOSITION AND RELATIVE MERITS ALTERNATIVE CALCULATIONS BOP IMPACT IN PARA 3 AND MAY WISH TO SUPPLEMENT OR MODIFY ABOVE.
RUMSFELD

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